

Auditor's Description of Condition
DSHS Response
Laws & Regulations

The Department of Social and Health Services, Medical Assistance Administration, is not complying with federal regulations that require people receiving Medicaid payments to have valid Social Security numbers.

Background

The Department of Social and Health Services must require, as a condition of eligibility, that each individual, including children, applying for Medicaid services furnish his or her Social Security number. Federal regulations also require the Department to verify the number given with the Social Security Administration to ensure it was actually issued to the individual who supplied it and whether any other number has been issued for that individual. If an applicant does not remember or has not been issued a number, the Department must assist the individual in applying for one. Under these circumstances, the Department must obtain evidence to establish the age, citizenship or alien status, and true identity of the applicant.

When the Department approves an applicant for Medicaid, it enters the client information into the Department's Automated Client Eligibility System (ACES). This information in ACES is then transferred electronically into the Medical Management Information System (MMIS), which the Department's Medical Assistance Administration uses to process claims and initiate payments. The Administration stated that all Medicaid clients, except those admitted through the Involuntary Treatment Act, should be and are entered into ACES upon enrollment.

Description of Condition

During our audit of other areas of Medicaid, we found numerous instances in which no Social Security numbers were listed in the MMIS records for Medicaid clients. We also found instances in which two or more people shared the same number and other cases in which MMIS made payments for medical services for clients who were not in listed in ACES.

Because of the apparent pervasiveness of these conditions, we expanded the scope of our audit. We reviewed all clients in the MMIS database for the period January 1, 2003 through February 16, 2004 who had payments made for them but who did not have a Social Security number in MMIS. We eliminated several groups in an effort to limit our work to the clients for whom Medicaid payments were made and a social security number should have been obtained. The groups that we eliminated were as follows:

- Clients in the Alien Emergency Medical Program. These individuals would not have Social Security numbers because they are undocumented aliens. Additionally, we reviewed these payments in other parts of our audit.
- Clients whom we knew from other audit steps had procedures paid only with state funds.
- All children with a birth date in 2003. Although parents must obtain Social Security numbers for their children, we considered that this task would not be uppermost to parents confronted with very ill infants. We believed the exception rate would be unusually high for this group and might distort results. After one year of age, however, most parents are likely to have obtained Social Security numbers for their children for tax purposes, and the Department would have had sufficient time to obtain those numbers.

After removing these groups, we found 44,597 clients who had no Social Security numbers associated with MMIS payments for medical services provided to them. These payments totaled \$68,022,531. To determine if Social Security numbers for these clients at least existed in ACES, where Medicaid clients should be and are almost always enrolled, we selected a valid sample for review. This sample consisted of 322 clients, for whom we found 112 exceptions, or 35 percent of those reviewed. These exceptions fell into three areas, all of which could be susceptible to fraud.

- For 15 percent, we found no record of a Social Security number in either ACES or MMIS. Actual and projected costs for this group were \$8,599,041.
- For 13 percent, ACES noted the Social Security number was invalid, but the clients were enrolled in Medicaid anyway. Actual and projected costs for this group were \$9,181,909.
- For 7 percent, we found no ACES record indicating these clients had ever been enrolled in Medicaid. The Administration previously had indicated it did not believe this situation could occur, yet actual and projected payments to providers for this group were \$4,223,128.

Cause of Condition

- The Department enrolls into the Medicaid program a significant number of clients who do not provide valid Social Security numbers. It has no consistent procedures to assist clients in obtaining Social Security numbers if needed. Additionally, the Department is not verifying the age, citizenship or alien status, and/or true identity of the applicant before enrollment. In other parts of our audit, we found the Department does not use its access to Social Security's State On-Line Query system to verify the validity of Social Security numbers presented by clients.

- Computer interface problems occur between ACES and MMIS.
- Clients can be entered into the Medicaid program and MMIS without going through the standard application process that enters them into ACES and verifies eligibility.

Effect of Condition

Each claim paid on behalf of a client who has no Social Security number, who has made no application for one, or who possesses an invalid one is an unallowable cost. We question the actual and projected costs of \$22,004,078, approximately half of which, or \$11,002,039, was paid with federal funds; the remainder was paid with state funds.

Recommendations

We recommend the Department:

- Establish procedures to require staff members to obtain client Social Security numbers or assist those without a number to obtain one upon application.
- Establish procedures to require staff members to obtain evidence establishing the true identity of an applicant.
- Verify Social Security numbers for all Medicaid clients using the State On-line Query.
- Require staff members to heed Social Security number alerts sent by the Social Security Administration and take action to resolve them.
- Resolve the computer interface problems between ACES and MMIS.
- Work with the U.S. Department of Health and Human Services to determine if any unallowable costs charged to Medicaid must be reimbursed by the state.

Department's Response

The department partially concurs with this finding.

- A similar finding was part of the SFY 2003 audit (No. 03-04), and we have taken steps to address the issues cited. Specifically, the Department convened a Cross-Agency Workgroup to review options to enhance established procedures related to verification of Social Security Numbers (SSN) in the Automated Client Eligibility System (ACES), and we have taken necessary steps to address SSN verification procedures, staff

notification/alerts, etc. Newly established automated verification of SSN for each ACES entry is scheduled to be implemented in February 2005.

- Since ACES is the System of Record for Medicaid eligibility, the validation of SSN occurs in that system. The Department complies with federal requirements and the State Plan and is addressing previously identified deficiencies. Although the Medicaid Management Information System (MMIS) is required to include the SSN as a data element (per State Medicaid Manual Chapter 11), payment is based on client identifier, which relies on eligibility information collected and passed to MMIS from ACES.
- The Department recognizes that ACES/MMIS interface problems exist. We will continue to assess, prioritize, and resolve interface issues as they are identified. The procurement of a new MMIS includes a complete assessment of the ACES/MMIS interface. The workgroup has been established to review and assess interface issues, provide recommendations, and work with the vendor of the new MMIS to develop a new ACES/MMIS interface. One specific problem related to the interface of SSN has been identified by the Department. In instances where a Medicaid-eligible client has multiple ACES entries, where one of those entries does not contain a SSN and one entry does, the SSN is not passed to MMIS. A number of the clients included in the sample SAO data sent to the Department fell into this category, and the Department is addressing this issue.
- WAC 388-476-0005 outlines SSN requirements for cash, medical or food assistance benefits. It should be noted that, in addition to the Alien Emergency Medical program, there are exceptions to the SSN requirement, including refugee assistance and detoxification services. It should also be noted that there are client eligibility categories such as Foster Care/Adoption Support services where the foster child's SSN is not carried in either ACES or the MMIS for confidentiality reasons. All of the above categories were represented in the sample SAO data reviewed by the Department.
- There are several valid conditions in which Medicaid clients' information is entered directly into the MMIS without going through ACES. In those cases, SSNs may not be obtained at the time of eligibility determination.
- Under the Involuntary Treatment Act (ITA), counties or Regional Support Networks verify all ITA claims and utilize an ITA Patient Claim Information form to ensure that the billing is for services to a consumer involuntarily detained under Chapter 71.05 RCW. A provider submits a claim to the MMIS with the ITA Patient Claim Information form attached. MAA enters the eligible ITA client into the MMIS, and

processes the associated claim. Another valid condition occurs when Medicaid applicants apply for Take Charge eligibility at a clinic or agency of an approved Take Charge provider. Providers assist the client in filling out the application and submit the application to MAA's Take Charge Eligibility Unit.

Auditor's Concluding Remarks

Applicable Laws and Regulations

The Code of Federal Regulations is explicit regarding obtaining and verifying Social Security numbers as a condition of Medicaid eligibility. 42 CFR 435.910 (a) specifically states in part:

The agency must require, as a condition of eligibility, that each individual (including children) requesting Medicaid services furnish each of his or her own social security numbers....

42 CFR 435.910 (g) states:

The agency must verify each SSN of each applicant and recipient with SSA, as prescribed by the commissioner, to insure that each SSN furnished was issued to that individual and to determine whether any others were issued.

If a Medicaid applicant cannot remember or has not been issued a Social Security number, 42 CFR 435.910 (e) (1-3) states that the agency must:

- (1) Assist the applicant in completing an application for an SSN;
- (2) Obtain evidence required under SSA regulations to establish the age, the citizenship or alien status, and the true identity of the applicant; and
- (3) Either send the application to SSA or, if there is evidence that the applicant has previously been issued a SSN, request SSA to furnish the number.

42 CFR 435.916 (a) states in part:

The agency must re-determine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months...

42 CFR 435.920 (a-c) states:

(a) In re-determining eligibility, the agency must review case records to determine whether they contain the recipient's SSN or, in the case of families, each family member's SSN.

(b) If the case record does not contain the required SSNs, the agency must require the recipient to furnish them and meet other requirements of 435.910.

If the agency initially established eligibility without verification of the Social Security number, 42 CFR 435.920 (c) requires:

For any recipient whose SSN was established as part of the case record without evidence required under the SSN regulations as to age, citizenship, alien status, or true identity, the agency must obtain verification of these factors in accordance with 435.910.

The Medicaid State Plan incorporates the above references as applicable to Washington State's coverage and eligibility criteria when it states the following:

The Medicaid agency meets all requirements of 42 CFR Part 435, Subpart J for processing applications, determining eligibility, and furnishing Medicaid.